
Guangdong rebar traders differ on market conditions

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As to steel market this year, steel traders' attitudes have huge differences. Some are pessimistic while some choose to stock up.

In futures market, rebar prices in Shanghai have already decreased by around 10% until February 5th. But the spot market suffered more.

A salesperson in Lecong steel market in Foshan City Guangdong province said since they are small traders the rebar sales was lower than 300 tonne per month after January which is used to be around 1000 tonne. He told "This was the hardest year in recent 10 years."

Besides the low sales, spot price is also a problem to traders. Data show that steel prices dropped by CNY 20 per tonne to CNY 60 per tonne in only three days from January 31st to February 3rd. The salesperson said many of their steel products for sale were purchased when the steel prices increasing and some varieties are losing money.

And because of the need to repay the loan and the high inventories, some small traders faces financial difficulties so some of them are selling off stocks in small scale.

Although steel futures and spot market see difficulties, most traders are optimistic about the rebar prices.

Analyst Mr Liu Huiru is positive about the prices and she said no substantial decrease in spot is because of the cost supporting.

Mr Yu Mengguo DM of Jinpeng Futures said his optimism is base on three reasons. Firstly it is normal to have inventories in winter. Secondly both high speed railroad construction and stimulating policies in construction in rural areas will be good demands. Thirdly raw materials are relatively short and the iron ore imports are still needed.

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